

THE WHITE HOUSE, September 17, 1997.

REPORT ON THE NATIONAL EMERGENCY—MESSAGE FROM THE PRESIDENT—PM

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

I hereby report to the Congress on developments concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, and matters relating to the measures in that order and in Executive Order 12959 of May 6, 1995. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. On March 15, 1995, I issued Executive Order 12957 (60 *Fed. Reg.* 14615, March 17, 1995) to declare a national emergency with respect to Iran pursuant to IEEPA, and to prohibit the financing, management, or supervision by United States persons of the development of Iranian petroleum resources. This action was in response to actions and policies of the Government of Iran, including support for international terrorism, efforts to undermine the Middle East peace process, and the acquisition of weapons of mass destruction and the means to deliver them. A copy of the order was provided to the Speaker of the House and the President of the Senate by letter dated March 15, 1995.

Following the imposition of these restrictions with regard to the development of Iranian petroleum resources, Iran continued to engage in activities that represent a threat to the peace and security of all nations, including Iran's continuing support for international terrorism, its support for acts that undermine the Middle East peace process, and its intensified efforts to acquire weapons of mass destruction. On May 6, 1995, I issued Executive Order 12959 to further respond to the Iranian threat to the national security, foreign policy, and economy of the United States.

Executive Order 12959 (60 *Fed. Reg.* 24757, May 9, 1995) (1) prohibits exportation from the United States to Iran or to the Government of Iran of goods, technology, or services; (2) prohibits

the reexportation of certain U.S. goods and technology to Iran from third countries; (3) prohibits dealings by United States persons in goods and services of Iranian origin or owned or controlled by the Government of Iran; (4) prohibits new investments by United States persons in Iran or in property owned or controlled by the Government of Iran; (5) prohibits U.S. companies and other United States persons from approving, facilitating, or financing performance by a foreign subsidiary or other entity owned or controlled by a United States person of certain reexport, investment, and trade transactions that a United States person is prohibited from performing; (6) continues the 1987 prohibition on the importation into the United States of goods and services of Iranian origin; (7) prohibits any transaction by a United States person or within the United States that evades or avoids or attempts to violate any prohibition of the order; and (8) allowed U.S. companies a 30-day period in which to perform trade transactions pursuant to contracts predating the Executive order.

At the time of signing Executive Order 12959, I directed the Secretary of the Treasury to authorize, through specific licensing, certain transactions, including transactions by United States persons related to the Iran-United States Claims Tribunal in The Hague, established pursuant to the Algiers Accords, and related to other international obligations and United States Government functions, and transactions related to the export of agricultural commodities pursuant to pre-existing contracts consistent with section 5712(c) of title 7, United States Code. I also directed the Secretary of the Treasury, in consultation with the Secretary of State, to consider authorizing United States persons through specific licensing to participate in market-based swaps of crude oil from the Caspian Sea area for Iranian crude oil in support of energy projects in Azerbaijan, Kazakhstan, and Turkmenistan.

Executive Order 12959 revoked sections 1 and 2 of Executive Order 12613 of October 29, 1987, and sections 1 and 2 of Executive Order 12957 of March 15, 1995, to the extent they are inconsistent with it. A copy of Executive Order 12959 was transmitted to the Speaker of the House and the President of the Senate by letter dated May 6, 1995.

2. On March 5, 1997, I renewed for another year the national emergency with respect to Iran pursuant to IEEPA. This renewal extended the authority for the current comprehensive trade embargo against Iran in effect since May 1995. Under these sanctions, virtually all trade with Iran is prohibited except for trade in information and informational materials and certain other limited exceptions.

3. On August 19, 1997, I issued Executive Order 13059 in order to clarify the steps taken in Executive Order 12957

and Executive Order 12959, to confirm that the embargo on Iran prohibits all trade and investment activities by United States persons, wherever located, and to consolidate in one order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995. A copy of Executive Order 13059 was transmitted to the Speaker of the House and the President of the Senate by letter dated August 19, 1997.

The order prohibits (1) the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran except information or informational material; (2) the exportation, reexportation, sale, or supply from the United States or by a United States person, wherever located, of goods, technology, or services to Iran or the Government of Iran, including knowing transfers to a third country for direct or indirect supply, transshipment, or reexportation to Iran or the Government of Iran, or specifically for use in the production, commingling with, or incorporation into goods, technology, or services to be supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran; (3) reexportation from a third country of controlled U.S.-origin goods, technology, or services by a person other than a United States person; (4) purchase, sale, transport, swap, brokerage, approval, financing, facilitation, guarantee, or other transactions or dealings by United States persons, wherever located, related to direct or indirect trade with Iran or the Government of Iran or to goods or services of Iranian origin or owned or controlled by the Government of Iran; (5) new investment by United States persons in Iran or in property or entities owned or controlled by the Government of Iran; (6) approval, financing, facilitation, or guarantee by a United States person of any transaction by a foreign person that a United States person would be prohibited from performing under the embargo; and (7) any evasion, avoidance, or attempt to violate a prohibition under the order.

Executive Order 13059 became effective at 12:01 a.m., eastern daylight time on August 20, 1997. Revocation of corresponding provisions in prior Executive orders does not affect the applicability of those provisions, or of regulations, licenses, or other administrative actions taken pursuant to those provisions, with respect to any transaction or violation occurring before the effective date of Executive Order 13059. Specific licenses issued pursuant to prior Executive orders continue in effect, unless revoked or amended by the Secretary of the Treasury. General licenses, regulations, orders, and directives issued pursuant to prior orders continue in effect, except to the extent inconsistent with Executive Order 13059 or otherwise revoked or modified by the Secretary of the Treasury.

4. The Iranian Transactions Regulations, 31 CFR Part 560 (the "ITR"),

were amended on April 18, 1997 (62 *Fed. Reg.* 19670, April 23, 1997), on July 30, 1997 (62 *Fed. Reg.* 41851, August 4, 1997), and on August 25, 1997 (62 *Fed. Reg.* 45098, August 25, 1997). In April 1997, Section 560.603 was amended to require a United States person to file a transaction report as to each foreign affiliate that engages in reportable oil-related transactions involving Iran of \$1,000,000 or more during the calendar quarter.

In July 1997, sections 560.510(d)(1) and (d)(2) were amended to generally license all payments of awards against Iran issued by the Iran-U.S. Claims Tribunal in The Hague, irrespective of the source of funds for payment, and to generally license implementation (except exports or reexports that are subject to export license application requirements of Federal agencies other than the Department of the Treasury's Office of Foreign Assets Control (OFAC)) as well as payment of awards or settlements in cases to which the United States Government is a party.

Sections 560.525(a)(3) and (a)(5)(i) were amended to generally license the provision of legal services to initiate and conduct U.S. court and other domestic legal proceedings on behalf of persons in Iran or the Government of Iran and to initiate proceedings to resolve disputes between the Government of Iran or an Iranian national and the United States or a United States national, notwithstanding the prohibition on exportation of services to Iran. On August 25, 1997, general reporting, record keeping, licensing, and other procedural regulations were moved from the ITR to a separate part (31 CFR Part 501) dealing solely with such procedural matters. (62 *Fed. Reg.* 45098, August 25, 1997). A copy of these amendments is attached.

5. During the current 6-month period, OFAC made numerous decisions with respect to applications for licenses to engage in transactions under the ITR, and issued 12 licenses. The majority of denials were in response to requests to authorize commercial exports to Iran—particularly of machinery and equipment for various industries—and the importation of Iranian-origin goods. The licenses issued authorized certain financial transactions, including those relating to disposal of U.S.-owned goods located in Iran and extension of, but not payment under, standby letters of credit. Pursuant to sections 3 and 4 of Executive Order 12959 and consistent with the Iran-Iraq Arms Non-Proliferation Act of 1992 and other statutory restrictions concerning certain goods and technology, including those involved in air-safety cases, Treasury continues to consult with the Departments of State and Commerce on these matters.

The U.S. financial community continues to scrutinize transactions associated with Iran and to consult with OFAC about their appropriate handling. Many of these inquiries have resulted in investigations into the activities of U.S. parties and, where appro-

priate, the initiation of enforcement action.

6. On March 20, 1997, a seven-count indictment was returned by a grand jury in the District of Maryland against a U.S. resident and two Iranian co-conspirators. The March indictment superseded a two-count indictment handed down on February 13, 1997. Each indictment charged violations of IEEPA and the ITR involving the attempted exportation from the United States to Iran of sophisticated state-of-the-art gas chromatographs used in the electric power industry, which were prevented from reaching Iran.

The U.S. Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the ITR. Various enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued. Since my last report on March 14, 1997, OFAC has collected four civil monetary penalties totaling nearly \$22,000. The violations relate to the unlicensed import from or exports of goods to Iran. Civil penalty action is pending against 37 companies, financial institutions, and individuals for violations of the Regulations.

7. The expenses incurred by the Federal Government in the 6-month period from March 15 through September 14, 1997, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are approximately \$850,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of Intelligence and Research, and the Office of the Legal Adviser), and the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

8. The situation reviewed above continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Order 12959 underscore the United States Government opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The Iranian Transactions Regulations issued pursuant to Executive Order 12957 and 12959 continue to advance important objectives in promoting the nonproliferation

and antiterrorism policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.

THE WHITE HOUSE, September 17, 1997.

MESSAGES FROM THE HOUSE

At 12:35 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 910. An act to authorize appropriations for carrying out the Earthquake Hazards Reduction Act of 1977 for fiscal years 1998 and 1999, and for other purposes.

The message also announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 562. An act to amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1254. An act to designate the United States Post Office building located at 1919 West Bennett Street in Springfield, Missouri, as the "John N. Griesemer Post Office Building".

H.R. 1903. An act to amend the National Institute of Standards and Technology Act to enhance the ability of the National Institute of Standards and Technology to improve computer security, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 95. Concurrent resolution recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude.

H. Con. Res. 109. Concurrent resolution recognizing the many talents of the actor Jimmy Stewart and honoring the contributions he made to the Nation.

H. Con. Res. 134. Concurrent resolution authorizing the use of the rotunda of the Capitol to allow Members of Congress to greet and receive His All Holiness Patriarch Bartholomew.

At 5:26 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2264. An act making appropriations for the Departments of Labor, Health, and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1998, and for other purposes.

H.R. 2378. An act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1998, and for other purposes.

ENROLLED BILLS SIGNED

At 6:04 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 63. An act to designate the reservoir created by Trinity Dam in the Central Valley project, California, as "Trinity Lake".

H.R. 2016. An act making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1998, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 1254. An act to designate the United States Post Office building located at 1919 West Bennett Street in Springfield, Missouri, as the "John N. Griesemer Post Office Building"; to the Committee on Governmental Affairs.

H.R. 1903. An act to amend the National Institute of Standards and Technology Act to enhance the ability of the National Institute of Standards and Technology to improve computer security, and for other purposes; to the Committee on Commerce, Science, and Transportation.

The following concurrent resolutions were read and referred as indicated:

H. Con. Res. 95. Concurrent resolution recognizing and commending American airmen held as political prisoners at the Buchenwald concentration camp during World War II for their service, bravery, and fortitude; to the Committee on the Judiciary.

H. Con. Res. 109. Concurrent resolution recognizing the many talents of the actor Jimmy Stewart and honoring the contributions he made to the Nation; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2957. A communication from the Director, Regulations Policy, Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, two rules received on September 15, 1997; to the Committee on Labor and Human Resources.

EC-2958. A communication from the Inspector General of the U.S. Railroad Retirement Board, transmitting, a notice relative to the Chairman of the Railroad Retirement Board; to the Committee on Labor and Human Resources.

EC-2959. A communication from the Assistant Secretary of Defense (Reserve Affairs), transmitting, pursuant to law, a notice relative to the report on Reserve retirement initiatives; to the Committee on Armed Services.

EC-2960. A communication from the Acting Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), transmitting, pursuant to law, a report relative to the White House Communications Agency; to the Committee on Armed Services.

EC-2961. A communication from the Assistant Secretary of the Navy (Installations and Environment), transmitting, pursuant to law, a report relative to an outsourcing study; to the Committee on Armed Services.

EC-2962. A communication from the Commissioner of the Immigration and Naturalization Service, Department of Justice,

transmitting, pursuant to law, a rule entitled "Canadian Border Boat Landing Program" (RIN 1115-AE53) received on September 11, 1997; to the Committee on the Judiciary.

EC-2963. A communication from the Director of the Executive Office for Immigration Review, Department of Justice, transmitting, pursuant to law, a rule entitled "Fees for Motions to Reopen or Reconsider" (RIN 1125-AA15) received on September 12, 1997; to the Committee on the Judiciary.

EC-2964. A communication from the Attorney General, transmitting, pursuant to law, the report of a supplemental brief; to the Committee on the Judiciary.

EC-2965. A communication from the Administrator of the Health Care Financing Administration, Department of Health and Human Services, transmitting, pursuant to law, a rule entitled "Medicaid Program (Coverage of Personal Care Services)" (RIN 0938-AH00) received on September 17, 1997; to the Committee on Finance.

EC-2966. A communication from the Chief, Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Notice 97-53 received on September 16, 1997; to the Committee on Finance.

EC-2967. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report relative to a transaction involving U.S. exports to India; to the Committee on Banking, Housing, and Urban Affairs.

EC-2968. A communication from the Director of the Office of Surface Mining, Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, a rule entitled "Virginia Regulatory Program (Subsidence)" (VA106FOR) received on September 15, 1997; to the Committee on Energy and Natural Resources.

EC-2969. A communication from the Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, the report relative to royalty management and delinquent account collection activities for Federal and Indian mineral leases; to the Committee on Energy and Natural Resources.

EC-2970. A communication from the Secretary of Agriculture, transmitting, a draft of proposed legislation entitled "The Egg and Egg Product Safety Act of 1997"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2971. A communication from the Secretary of Agriculture, transmitting, a draft of proposed legislation entitled "The Food Safety Enforcement Enhancement Act of 1997"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2972. A communication from the Secretary of Agriculture, transmitting, a draft of proposed legislation entitled "The Farm Safety Net Improvement Act of 1997"; to the Committee on Agriculture, Nutrition, and Forestry.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-227. A resolution adopted by governing body of the City of Absecon, New Jersey relative to ocean dumping; to the Committee on Environment and Public Works.

POM-228. A resolution adopted by Commission of the City of Miami, Florida relative to the U.S. Immigration and Naturalization Service; to the Committee on the Judiciary.

POM-229. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Environment and Public Works.

JOINT RESOLUTION

Whereas, Congress is currently considering the reauthorization of the Intermodal Surface Transportation Efficiency Act of 1991; and

Whereas, the Intermodal Surface Transportation Efficiency Act of 1991 established a new vision for transportation in the United States by declaring that the national transportation system should be intermodal in character, economically efficient, environmentally sound and socially responsive; and

Whereas, the Intermodal Surface Transportation Efficiency Act of 1991 provides for the funding of transportation enhancement projects, or activities related to transportation that are designed to strengthen the cultural, aesthetic and environmental aspects of the country's transportation system; and

Whereas, transportation enhancement projects add community or environmental value to any active or completed transportation project, and include:

1. Facilities for pedestrians and bicycles;
2. The acquisition of scenic easements and scenic or historic sites;
3. Scenic or historic highway programs;
4. Landscaping and other scenic beautification;
5. Historic preservation;
6. The rehabilitation and operation of historic transportation buildings, structures or facilities, including railroad facilities and canals;
7. The preservation of abandoned railway corridors and the conversion of such corridors to other uses;
8. The control and removal of outdoor advertising;
9. Archaeological planning and research; and
10. The mitigation of water pollution resulting from highway runoff; and

Whereas, transportation enhancement projects enjoy broad popular support and have benefited the cities and counties of Nevada by improving the quality of life and economic development of those cities and counties: Now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, jointly. That the members of the 69th Session of the Nevada Legislature urge Congress, in considering reauthorization, to maintain the course set by the Intermodal Surface Transportation Efficiency Act of 1991 through dedicated funding for transportation enhancement projects within the successor to the act; and be it further

Resolved. That the Chief Clerk of the Assembly prepare and transmit a copy of this resolution to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved. That this resolution becomes effective upon passage and approval.

POM-230. A joint resolution adopted by the Legislature of the State of Nevada; to the Committee on Foreign Relations.

Whereas, throughout the world, an estimated 200 million children are at work, with many of them working under intolerable conditions; and

Whereas, child labor distorts and degrades an entire society, where children are cheated out of their childhoods, denied even the most basic education and set out, often at an early age, to difficult and dangerous work at pitifully low wages; and

Whereas, this abuse of children prevents many grown men and women from finding